

# The ABCs of Planner Titles

*FYI, there's a dizzying array of planner names and designations - and no one title describes everything clients want.*

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*Financial Planning*

Financial Advisor, Planner, Wealth Manager, President. That's a lot of titles to describe just one job. And that's before you get to the alphabet soup of designations that come after a financial planner's title-do you know your REBC from your CEBS, your CIMA from your CMA, and your PFS from your RFC? Quick, what's the difference between a CFA and a CFS?

There's a dizzying array of different names and titles in use in the industry with their usage - and meaning - far from standardized. Most titles are somewhat open to interpretation, and the actual responsibilities they describe may vary widely from firm to firm.

It wasn't always so confusing. "In my experience, the industry's terminology has changed dramatically," says Jeff Auld, President and CEO of independent broker-dealer SagePoint Financial. "When I began 30 years ago, all these different names hadn't yet come out. We referred to ourselves as brokers, and we were proud to of it."

That simplicity didn't last, and different names began to spring up during the course of Auld's long career. In addition to the term "broker" or "stock broker", the wirehouses where Auld began frequently made use of the phrase "account rep," he says.

At one of his previous broker-dealers about a decade ago, the required term for reps was "investment representative." This name was chosen over "investment advisor" out of a compliance concern that incorporating the word "advisor" into the title would cause clients to mistakenly think the reps were registered investment advisors.

When Auld was president of a bank-based broker-dealer in St. Louis, the bank had a distinct and separate department staffed by "wealth managers" to work with the largest clients. However, Auld recalls, "the reality was the 'wealth managers' just sold insurance. They were unsophisticated when it came to investment management, but took the position that because they were protecting assets from estate taxes they were managing wealth."

Auld seems largely to have resisted such complexity. Today, at SagePoint Financial the standard term for all advisors is - get ready for it - "financial advisor."

## **MATTER OF DEGREES**

Of course, what goes after a name - the advisor's designation and certifications - is presumably even more important than what the advisor chooses to call herself, but it is an area of even greater diversity. There are at least 118 financial services professional designation or certifications, according to FINRA.

Still, professional designations may provide some method to the naming madness. "This is an issue I've struggled with for years, but the regulations give us some parameters that help with operational definitions," says Stephen Horan, Head, University Relations and Private Wealth Management at the

CFA Institute. According to Horan, professionals who use the word "advisor" tend to be registered with the SEC as an RIA. This in turn implies they are making recommendations about investments.

Self-described "Financial Planners," in contrast, may or may not be registered with the SEC, and may or may not make investment recommendations. However, they are more likely than "advisors" to be selling insurance products and may be regulated that way.

"Broker," he argues, is more of an older, generic term. Just because someone calls himself a broker doesn't mean he is SEC-registered, since he could be FINRA-regulated. To make things more complicated, some advisors are dually registered, as a broker under FINRA and an investment advisor under the SEC.

Even highly specific designations don't necessarily tell the whole story of what a financial planning professional actually does, Horan says. Being a CPA doesn't indicate if the CPA is primarily functioning as an advisor (focused on investment advice), planner (incorporating insurance recommendations into the process), broker, or is just preparing taxes.

However CPAs, because they have been trained in tax planning, may take a broader planning perspective than just focusing on tax. CFAs have coursework in security selection and portfolio management, as well as some tax planning. Horan says that CFAs working with individual clients may call themselves "wealth managers, portfolio managers or advisors, but there is no strong correlation with any one of these names and holding a CFA."

## **PRESIDENT VS. PLANNER**

Rather than trying to find the precise variation on the term "advisor" that is most appealing to clients and that simultaneously provides some sort of meaningful description of their expertise and services, some financial advisors are finding corporate titles are the way to go.

"The independent advisor crowd really resonates with the term 'President.' It is an ego stroke, and clients like that they are dealing with the head of a particular firm," says Bill Van Law, national director of Business Development, Raymond James Financial Services. Van Law notes that titles like President, CEO, or Founder communicate to clients that the advisor has had success in building or managing a firm.

Ilex Kriekhaus seems to agree. He is President of Black Point Capital Management, a registered investment advisory firm based in Portland, Maine; he transitioned to the RIA world after a career in institutional asset management, most recently as COO of the investment team of the white shoe New York-based bond house Fischer Francis Trees & Watts.

At Black Point Capital, set up to manage the investment needs of Maine's wealthy Sprague family and open to non-family members, Kriekhaus considered calling himself a "capital manager" but it sounded too much like a title from institutional investing. He went with "President" which reflects his actual job duties, but even more significantly, "it's an important signal when speaking to clients and vendors. They need to know I am the decision maker," he says.

Commonwealth Financial Network's, Joni Youngwirth, who is Managing Principal of Practice Management, agrees with this logic: "If you say I am the President, this sounds substantial," she says. Her informal survey of Commonwealth RIAs found many preferred to call themselves Business Owner, President, Practitioner, Principle, Founder, and Chairman, rather than advisor. A subset didn't call themselves anything.

She also looked at what names RIAs chose for their own businesses. Few used their own name as their company name, unless they were locally famous or had a strong media presence. They would however include their name in a multi-partner firm. Most commonly, RIAs chose business names that communicated probity and safety, such as Keystone, Strategic, Legacy, Foundation, or Prudence. One Commonwealth RIA called his firm a "corporation," implying size. Though firm names typically had no added description, if there was one, favorites were "financial services" or "investment group," with "wealth management" far less common.

## **WHAT CLIENTS WANT**

Advisors clearly face a challenge when deciding what to put in front of their names, to say nothing of the xyz of designation options after their name. Furthermore, there are compliance issues - they have to make sure they aren't misrepresenting their skill set or services, with the word "specialist" particularly risky from a litigation perspective if not backed up by true expertise.

Clients, at least, seem to have somewhat standard needs and concerns they want addressed by their financial advisor, regardless of what this person is actually called. These basic concerns include: preserving wealth; mitigating income tax; making sure heirs are well taken care of; and finding ways to give away wealth in a way that fits in with the clients' beliefs. Unfortunately, no single title or professional designation fully encompasses all such possible client concerns.

But here's a thought: a happy client might just be willing to look past all those titles and designations if a financial planner has done his or her job correctly. A title may be important, but ultimately it's less important than the guidance, services, and experience the advisor is provides.

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